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ECONOMIC AFFAIRS

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CHINA REPORT ECONOMIC AFFAIRS

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CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

- BEIJING RIBAO on Supporting Key Projects
(Editorial; BEIJING RIBAO, 9 Jul 83)..... 1

ECONOMIC PLANNING

- Briefs
Jilin Economic-Research Center 5

AGGREGATE ECONOMIC DATA

- Industrial, Communications Production Results
(JINGJI RIBAO, 8 Jul 83)..... 6
- GUANGZHOU RIBAO Views City's Industrial Production
(Wei Zhen, Wei Jie; GUANGZHOU RIBAO, 4 Jul 83)..... 13

ECONOMIC MANAGEMENT

- Zhao Yinhua Stresses Improving Product Quality
(Beijing Domestic Service, 20 Jul 83)..... 15

FINANCE AND BANKING

- Anhui Meeting Examines Price Hike Measures
(Anhui Provincial Service, 12 Jul 83)..... 17
- Guangdong To Control Capital Construction Scope
(NANFANG RIBAO, 12 Jul 83)..... 19

Guangxi Circular on 'Indiscriminate' Price Hikes (Guangxi Regional Service, 11 Jul 83).....	22
Circular Aims at Curbing Price Hikes, Charges (FUJIAN RIBAO, 9 Jul 83).....	24
Central Directive on Price Controls Conveyed (Guizhou Provincial Service, 7 Jul 83).....	26
MINERAL RESOURCES	
Briefs	
Jilin Gold Mining	27
INDUSTRY	
Briefs	
Jilin Machinery, Electronics Industries	28
CONSTRUCTION	
Efforts Required To Support Key State Projects (Qiu Yuan; XINHUA, 19 Jul 83).....	29
JINGJI RIBAO on Controlling Capital Construction (Editorial; JINGJI RIBAO, 12 Jul 83).....	31
Briefs	
Liaoning Reconstructs Dalian Port	34
DOMESTIC TRADE	
Briefs	
Jilin-Guangdong Agreement	35
FOREIGN TRADE	
Lecture on Importing Advanced Technology (Beijing Domestic Service, 11 Jul 83).....	36
Briefs	
Heilongjiang Export Commodity Fair	39
Liaoning Export Procurement	39
Tianjin World Bank Delegation	39
PRC at Tanzanian Fair	39
LABOR AND WAGES	
Trade Union's Role in Socialist Society (Liao Gailong; GONGREN RIBAO, 9 Jul 83).....	40

TRANSPORTATION

Briefs

Liaoning Oceangoing Transportation

47

HONG KONG MEDIA ON CHINA

China's Electronics Industry Discussed

(Cheng Xiang, Liu Minyi; WEN WEI PO, 30 Mar 83).....

48

NATIONAL POLICY AND ISSUES

BEIJING RIBAO ON SUPPORTING KEY PROJECTS

HK210513 Beijing BEIJING RIBAO in Chinese 9 Jul 83 p 1

[Editorial: "Everyone Must Have His Own Responsibility and Everyone Must Bear His Own Responsibility--On Concentrating Strength on Supporting Key Production Projects"]

[Text] Vigorously strengthening the construction of key energy and transport projects has become a crucial issue which has a bearing on the rejuvenation of our economy in the 1990's and on the success or failure of the modernization program. In the "Government Work Report" delivered at the first session of the Sixth NPC, Premier Zhao Ziyang pointed out: "The whole nation should support key production projects and the entire working class and the people of all our nationalities should contribute to their construction." The people of the city of Beijing and above all the leadership at various levels have warmly supported the strategic decision of the CPC Central Committee and the State Council and are determined to make their own contributions in pushing forward the key construction projects of the whole nation in the spirit of "everyone must have his own responsibility and everyone must bear his own responsibility" and with solid work.

There may be some comrades who think: I neither participate in the designing and construction of key projects nor undertake the tasks of providing key construction projects with product and technical assistance and, furthermore, I am free from such questions as the seizure of land and the tearing down and moving of houses since I do not live in the construction areas of key projects. What responsibility can I undertake and how should I discharge my responsibility, if any, in pushing forward the key construction projects of the whole nation? This is indeed a question that needs to be answered explicitly.

The responsibility of the units or comrades which or who are personally involved in the construction of key projects and of the units or comrades which or who undertake the tasks of providing key construction projects with product and technical assistance is concrete and real. This responsibility is manifested in a most direct way in the fact that they must fully understand that they are undertaking glorious, grand and heroic tasks, that they must integrate political enthusiasm of a high level with a scientific approach, and that they must be meticulous in design, construction

and building, and be very careful and strict in calculation and budgeting, must fulfill construction or production tasks on schedule and according to the required quality, increase returns on investment, and send the qualified talented technical personnel to help key construction projects so as to live up to the expectations and great trust of the people throughout the country.

The responsibility of the units or comrades which are located or who live in the construction areas of key projects is also concrete and real. This responsibility is manifested in a most direct way in the fact that they must resolutely subordinate partial and local interests to the interests of the whole, take the difficulties on themselves and make things easy for key production projects, remove those which should be removed and vacate the land, if needed in accordance with the requirements of key production projects, definitely must not extort extra compensation in excess of relevant state regulations, and moreover must wage a struggle against the disgusting conduct of fleecing the state in a clear-cut manner.

In addition to this, there are still more people who seem at first glance to have no direct relation to key construction projects but their responsibility is, if carefully observed, similarly concrete and real and also multifaceted. For instance, all our comrades are dutybound to strive to create a powerful social opinion which takes interest in key production projects and supports their construction, and they must profoundly understand and warmly publicize the significance of accelerating the construction of key projects. If our families, relatives, or friends participate in the construction of key projects in border districts or regions where living conditions are hard, we must learn from their lofty spirit of utter dedication and encourage them to make more and better contributions in the construction of key projects rather than saying something to them which will dampen their enthusiasm and discourage them. If some of our old acquaintances live in the construction areas of key projects, we must support them in enthusiastically moving away to vacate the land and in creating production conditions for key projects rather than supplying them with a rotten idea of scheming against the state and of seizing the opportunity to reap some profit.

Of the responsibility in so many fields, it is particularly necessary to discuss the question of accumulating funds and concentrating financial resources for key production projects. Ours is a big, socialist, developing country with a huge population and starting with a poor economic foundation. To accomplish something, we must concentrate our financial resources. However, our real situation at present is that on the one hand, the state lacks financial resources, and on the other, the funds are used in an unduly decentralized way. During the 4 years from 1979 to 1982, China's total social output value increased by 33.6 percent but the domestic financial revenue dropped by 3.3 percent. The financial revenue in 1982 accounted for only 25.5 percent of the national income. Compared with many countries in the world, this ratio seemed too low. In order to concentrate needed financial resources, on the one hand, we must rely on the efforts of the entire staff and workers, continue to shift the economic

work to the path which gives priority to the attainment of better economic results, and open up new sources of revenue, and on the other, we must correctly handle the relationships between the state, the enterprise, and the individual, energetically carry out the system of taxation instead of delivery of profits to the state, strictly observe financial and economic discipline, resolutely check the unhealthy tendencies of indiscriminately distributing bonuses, material benefits, and various subsidies and of arbitrarily raising prices and apportioning expenses, and ensure that the state receives the lion's share of the increased revenue of enterprises. At the same time, we must appropriately curtail ordinary construction, including nonproductive construction and, in particular, the duplicate construction of projects which fall into the category of processing industries, control the overall scale of capital construction, and ensure that more limited financial resources should be used in key construction projects.

In the question of concentrating financial resources, a question of vital importance, every comrade must take warning from the "Duke of Ye" who "loved dragons" [meaning not really liking a thing but only saying so] and not only support it in words but also prove that his attitude is sincere, practical, and thoroughgoing in concrete deeds to such an extent that "we will contribute money and materials to the state if required and discontinue whatever projects the state plans to abandon."

The practice of everyone having and bearing his own responsibility in supporting key production projects demonstrates the superiority of the socialist system and the patriotic and communist spirit of the Chinese people of the contemporary era and their attitude of being the masters of the country. In past years, the victories of the Liaoxi-Shenyang, Beijing-Tianjin, and Huai-Hai campaigns were won by relying on the concerted efforts of the broad numbers of officers and soldiers who crawled on icy roads and heroically charged head-on against the enemy at the front and of the common people in their millions who carried provisions for troops and stretchers in the rear. During the "First 5-Year Plan" period, 156 key production projects were completed by relying on the efforts of the people across the land who worked hard together for their completion with one heart and one mind and economized on food and clothing. We must now also energetically support key production projects as we supported the front in those years and supported 156 key production projects during the First 5-Year Plan period.

The key production projects which are being carried out and are about to be carried out during the "sixth 5-year plan" period and the coming "seventh 5-year plan" period provide an important foundation for China's vigorous economic development and they are also where the fundamental interests of the people throughout the country lie. In this sense, the practice of everyone having his own responsibility in augmenting key production projects also benefits everyone. With its people having become the masters of the country, China today, which has established the socialist system characterized by such basic features as public ownership of the means of production and the planned economy and which has scientifically summed up the

30-odd years of experience in economic construction, can surely mobilize and organize the great majority of people to push forward smoothly the construction of key projects.

Every comrade must have a conscious understanding of this trend and courageously throw himself into the historical mighty torrent of stepping up the construction of key projects. In this way, when the era of China's vigorous economic development in the 1990's comes and when the objective of quadrupling the gross annual output value of industrial and agricultural production throughout the nation, a task put forward by the 12th CPC National Congress, is realized at the end of this century, examining our conscience, each of us can say without the slightest feeling of shame: In the concerted action of the people across the land to accelerate the construction of key projects, I have done my bit.

CSO: 4006/680

ECONOMIC PLANNING

BRIEFS

JILIN ECONOMIC-RESEARCH CENTER--The Jilin Provincial Economic and Technological Research Center was officially established on the morning of 16 July. This is a research and advisory organ. It will conduct feasibility research and appraisal for the province's major economic policies, major technical and economic measures and construction projects, offer advice and suggestions, provide information for developing the province's economy, and serve as an advisor to the leaders. In the first stage, a total of 54 scientific research and information units are in contact with this center. Zhao Xiu, governor of the province, Liu Cikai and Luo Yuejia spoke at the inaugural meeting. [Summary] [SK181228 Changchun Jilin Provincial Service in Mandarin 1030 GMT 16 Jul 83]

CSO: 4006/680

AGGREGATE ECONOMIC DATA

INDUSTRIAL, COMMUNICATIONS PRODUCTION RESULTS

HK211254 Beijing JINGJI RIBAO in Chinese 8 Jul 83 pp 1, 4

[Report: "The State Economic Commission Circulates a Report on Production in the Industrial and Communications Fields for the First Half of Year; Puts Forth Eight Proposals on Continuing To Enhance Economic Results"-- passages within slantlines published in boldface]

[Text] At a work meeting on industrial and communications production convened by the State Economic Commission on the 8th of this month, Vice Chairman Zhao Weichen [6392 4850 5256] made a report on production in the industrial and communications fields for the first half of the year and put forth eight proposals on continuing to enhance economic results. The report is summarized as follows:

In the first half of the year, the total industrial output value in the country reached 296.9 billion yuan, constituting 51.5 percent of the annual plan, and an increase of 8.8 percent over the same period last year. Of this figure, industry owned by the whole people recorded an increase of 7.8 percent, and industry owned by the collective recorded an increase of 12.5 percent. Of the output of 100 principal products, about 84 items overfulfilled one-half of the targets in the annual plan, and 81 items recorded a rise over the same period last year. Raw coal, crude oil, electric energy production, sulphuric acid, sodium carbonate, chemical fertilizer, pig iron, caustic soda, steel, and steel products have all overfulfilled one-half of the targets in the annual plan.

The main reason for the continuous rise in industrial and communications production in the first half of the year is manifested as follows:

/1. Production has grown steadily./ Since the beginning of this year, various regions and departments have had firm and timely control over production. In the organs of the provinces and municipalities, special groups in charge of production have generally been established, so that production can increase steadily without being affected by the process of structural reforms. The total industrial output value in the country, except for February, when the value was somewhat affected by the Spring Festival, has registered a successive monthly rise with a comparatively balanced development.

/2. The production target of energy resources has been fulfilled rather satisfactorily./ In the first half of the year, planned quotas have been overfulfilled every month, constituting a rather big increase over the same period last year. Total energy production was 339 million tons (in terms of standard coal), an increase of 5.3 percent over the same period last year. The production of raw coal has been grasped vigorously since the beginning of the year, resulting in a total production of 337 million tons, an increase of 5.4 percent over the same period last year, of which centralized allocated coal constitutes 180 million tons, or an increase of 2.8 percent. Crude oil production has overcome the harmful effects of national disasters and totaled 52.21 million tons, an increase of 2.7 percent over the same period last year. Electric energy production amounted to 170.2 billion kilowatt-hours, an increase of 6.3 percent over the same period last year, of which hydroelectric power increased by 18.5 percent. Because the situation in the supply of water resources was quite good in the first half of the year, the quantity of hydroelectric power production recorded was 9.6 billion kilowatt-hours more than the quota set in the annual plan, which is equivalent to a savings of over 3.8 million tons of standard coal.

/3. The development of light industry has gradually speeded up./ In the first quarter of this year, light industry developed slowly, and recorded an increase of only 2.5 percent as compared with the same period last year. In the second quarter, the spirit of the national industry and communications conference was implemented, "the six preferences" toward the light and textile industries were carried out continuously and, at the same time, the structure of products was adjusted in accordance with the needs of society, and the production target for polyester blend fabric was raised. Thus, the development of light industry gradually sped up. The increase in the first half of the year stood at 5.4 percent, which was well over the 4.1 percent increase stipulated in the annual plan. Durable consumer goods such as bicycles, wrist watches, household washing machines, recorders, and household refrigerators recorded increases of 18 to 76 percent, respectively, as compared with the same period last year. As for beer, candies, and other food and beverage products, children's goods, and seasonal products, production increased rapidly and sales results were satisfactory. From January to May, the total retail amount of social commodities stood at 113.5 billion yuan, a 10.7 percent increase over the same period last year.

/4. Some major short-term products of heavy industry have recorded a significant increase./ In the first half of the year, the raw materials industry and the machinery processing industry adhered to production according to needs and altered the structure of products, and thus the short-term products urgently needed in production and construction recorded a rather big increase. Production of sulphuric acid, sodium carbonate, caustic soda, cement, and sheet glass increased from 3.6 to 15.4 percent, respectively, as compared with the same period last year. The means of production for agriculture, such as chemical fertilizer and tractors, increased by 6.3 percent and 51 percent, respectively. Of mechanical products, mining equipment increased by 49.2 percent, electricity generating equipment increased by 81.2 percent, hydraulic devices and accessories increased by 139 percent, and food processing machinery increased by 383 percent. Of steel products,

medium steelplates, steel thin sheets, seamless tubes, silicon steel sheets, low alloy steel, alloy steel, and quality special-shaped steel products also achieved a rather big increase. The majority of these industries succeeded in meeting the requirements of increase in production, economy in energy, and rise in income.

In the first half of the year, heavy industry recorded an output value of 150.6 billion yuan, an increase of 12.2 percent, which was well over the planned increase of 3.9 percent, thus exerting a certain degree of stress on energy resources and transportation.

/5. Potential-tapping and increase in transport volume were realized in the field of transport and communications./ In the first half of the year, under the condition that disasters were rather frequent and work on the railways was heavy, railway units recorded a freight volume of 573 million tons and passenger transport of 529 million passenger-times, increase of 3.8 percent and 7.5 percent, respectively, over the same period last year. The water transport volume and port handling volume under the Ministry of Communications recorded increases of 2.2 percent and 7.4 percent, respectively. The total volume of posts and telecommunications and that of civil aviation and air transport increased 9 percent and 5 percent, respectively.

/6. Some economic and technical targets were enhanced./ First of all, sales revenue and industrial output value basically increased at the same speed, and industrial products were on the average suited to market needs. From January to May, the output value of state-run industries and enterprises within the budget increased by 6.5 percent, and sales revenue increased by 5.6 percent.

Secondly, fresh progress was recorded in quality and varieties, and the consumption rate was lowered. From January to May, of the quality indices of 75 items under inspection throughout the country, 61 items were recorded as stable or enhanced, constituting 81 percent of the total. Of the consumption indices of 105 items of principal raw materials, fuels, and power, 50 percent were lowered, and 21 percent recorded the same level of consumption, the two totaling more than 70 percent.

Thirdly, the situation of industrial losses improved slightly. Up to the end of May, enterprises sustaining losses numbered 11,052, and the extent of loss decreased from 29.7 percent in the same period of last year to 26 percent. The amount of loss decreased from 1.76 billion yuan to 1.59 billion yuan, a drop of 9.7 percent.

Fourthly, labor productivity was raised. From January to May, for the industries and enterprises owned by the whole people, labor productivity for a person of full attendance stood at 5,324 yuan, an increase of 5.1 percent over the same period last year.

In the first half of the year, with regard to various aspects such as reorganization of enterprises, technological transformation, progress in

technology, safety in production, and economic and technical cooperation, new progress was also made.

At present, the most conspicuous problems in industrial production are: /the principal financial targets are not well fulfilled, and the economic results are not satisfactory. A tense situation exists in the fields of energy resources, raw materials, and transportation./

In order to change, as soon as possible, the situation of low economic results and unsatisfactory financial revenue, the following proposals are put forward so that the economic results of production in the industrial and communications fields can be enhanced continuously:

/1. The guiding ideology on production in the industrial and communications fields should be truly shifted to the path of treating the enhancement of economic results as the central target; primary importance should be attached to economic results in our work; and the tendency of seeking only speed should be prevented, so that vitality in production can be preserved./ Speed must be subservient to economic results, and the two must be unified. Various links of production in the industrial and communications fields should pay attention to the suitability of products, the enhancement of quality, lowering of consumption, and improving of economic results, so that the products can meet the requirements of "superior quality, good suitability, low consumption, safety, and high efficiency." At present, some objective factors affect the income of enterprises. We should be soberminded so as to prevent objective factors from obscuring the importance of subjective initiative. Methods of management and marketing in enterprises should be explored so that great efforts can be exerted to enhance economic results, and changes in the objective situation can be accommodated.

/2. The reorganization work of enterprises should be continuously grasped well./ In this respect, the central authorities and the State Council have already issued specific documents, and inspection and implementation should be conducted in accordance with the spirit of the documents. It should be specifically emphasized here that financial discipline should be strictly carried out, the leaking and disappearance of profits should be brought under control, indiscriminate distribution of bonuses and materials should be resolutely checked, and the chaotic financial situation of certain enterprises should be changed. Reorganization should lead to better economic results, so that the state's revenue can be increased.

While the reorganization work of enterprises is being grasped, the work of eliminating losses and increasing profits should be actively promoted. As regards those enterprises sustaining losses within the budget, the authorities in every region and every department should evaluate each unit in detail, so that plans for doing away with losses can be fixed for each unit. As for those enterprises sustaining losses for a long time without any improvement even after measures are taken, some of them should suspend their production and begin restructuring, some should be granted a time limit for eliminating their losses, and some should be resolutely ordered to suspend operations or to close down.

/3. Production should be arranged with emphasis on supplying materials to those which can produce good products and giving priority to those with good performance./ At present, a tense and stringent situation exists regarding energy resources, the supply of raw materials, and communications. Therefore, with regard to the arrangement of production, state plans should be executed, implementing the principle of giving priority to those with good performance. There are no gains without sacrifices. Our limited capability in energy resources, raw materials, and transportation should be supplied to those enterprises whose products are suited to market needs with low consumption, high quality, and fine economic results, so that these enterprises can operate to the best of their capacity. With respect to those enterprises whose products are inferior, supply of the means of production should be strictly selective, and some of them should be ordered to suspend, close down, to be integrated with other units, or to be converted to other categories of production. As for the ways and methods of effecting preferences and priority, various regions and departments should make their own arrangements and carry out their plans accordingly.

The distribution of coal and electricity should, first of all, guarantee the needs of the people, and the coal supply to transport units, electricity generating units, and light industrial market should be well arranged. As for the coal and electricity supply to the industries, we can only act according to our ability. Those producing heavy industrial products that consume a large amount of energy should carry out their production in strict accordance with a fixed schedule.

The production and delivery of coal should, first of all, ensure the fulfillment of the state plan and conscientiously implement the principle of "three priorities:" Priority should be given to planned projects, to projects outside the province which produces materials, and to the key projects, and then supply will be given to projects outside the plan, to projects within the province, and to average projects. The railway authorities should allocate enough carriages to the transportation of coal which is under unified distribution. Carriages should also be allocated as planned to the coal which, though not falling in the category of unified distribution, forms part of the material supply to the planned projects. That part of coal not yet supplied or ordered as planned should be supplied or ordered as soon as possible so that plans can be carried out accordingly. The departments of coal, railway, and electric power should support each other and ensure each other's success.

Careful and overall arrangements should be made regarding the supply of coal, and a certain amount of coal for emergency use should be appropriately stored. In the northern regions, coal to tide over the winter should be arranged as early as possible.

4. Conscientiously develop activities of increasing production and practicing economy, and increasing revenue and economizing on expenditure. Staff and workers should be mobilized to develop activities of increasing production and practicing economy, and increasing revenue and economizing

on expenditure, and they should oppose extravagance, give play to the spirit of "saving a cent," "saving a drop of oil," and "saving a kilowatt-hour," and enhance economic results.

/5. Technological advancement should be vigorously promoted./ At present, of the total cost for our country's industrial products, raw materials and power consumption constitute more than 80 percent. Enhancing economic results depends mainly on lowering the consumption of materials. Consumption cannot be greatly reduced without strengthening scientific management, grasping well technological advancement, and achieving a continuous breakthrough in science and technology. In the first half of the year, good results were recorded in lowering consumption. In the second half of the year, efforts should still be made to grasp as the main targets the enhancement of product quality, the upgrading and generation-advancement of products, and economy of energy resources and raw materials. Items should be vigorously grasped and affixed individually, so that good results can be achieved.

Leadership in economic and technological cooperation should be strengthened. In this respect, experience should be summed up so that favorable factors can be utilized and bad elements eliminated, and the whole operation can develop healthily.

/6. Indiscriminate raising of prices should be resolutely checked./ Since the latter half of last year, the supply of some raw materials has been tense. Some regions and enterprises have arbitrarily raised the price of products and imposed irrational charges, and some units even have detained materials intended for unified distribution, expanded their self-marketing spheres, and violated the policies of the state. Therefore, the cost of production in many enterprises has increased considerably, and the state's financial and material resources are scattered and transferred. In the first half of this year, this situation still has continued to develop. On 3 July, the State Council and the Central Discipline Inspection Commission jointly issued the urgent circular on resolutely stopping the arbitrary rise of prices of the means of production and the indiscriminate collection of fees from construction units. Every region and department should resolutely implement this circular. We must: 1) earnestly examine the relevant problems; 2) put a stop to this unhealthy trend; and 3) honor the contracts, so that development in production and enhancement of economic results can be ensured and promoted.

/7. Do a good job in ensuring safety in production./ Economic results cannot be achieved without safety in production. The "month of safety" held in May should be summarized. On this basis inspection and guidance should be strengthened, so that accidents can be prevented. The safety work should be regularized and systematized. At present, special attention should be paid to such work items as heat stroke prevention, antityphoon measures, fire prevention, flood prevention, and waterlogging prevention, so that safety in production can be safeguarded and accidents can be reduced to a minimum.

/8. Analysis on economic results should be conducted frequently./ In order to guide production effectively, attention must be paid to economic results. Statistical work in finance should be strengthened, and economic results should often be reflected and analyzed. Means of acquiring profits and new developments should be studied, so that our production in the industrial and communication fields can be based on the realization of economic results, and achievements can be made as soon as possible.

CSO: 4006/680

AGGREGATE ECONOMIC DATA

GUANGZHOU RIBAO VIEWS CITY'S INDUSTRIAL PRODUCTION

HK180724 Guangzhou GUANGZHOU RIBAO in Chinese 4 Jul 83 p 1

[Report by Wei Zhen [0787 4176] and Wei Jie [4850 0267]: "How Was the City's Industrial Production in the First Half of This Year?"]

[Text] Yesterday afternoon, the computers of the Guangzhou Statistics Bureau were in full operation. The results of the operation show that the daily average output value of the city's industry in the first half of this year was 36.88 million yuan; the daily average profits handed over to the state totaled 1.06 million yuan, or enough to buy approximately [81] large buses. Of the city's annual plan targets for its total industrial output value, 50.7 percent were completed in the first half of this year, an increase of 8.3 percent over the corresponding period last year, or the same as the level of the annual total output value in 1973. But the amount of profits handed over to the state by the city's industry in the first half of this year showed a decrease of 10 percent compared with the corresponding period last year.

The main characteristics of industrial production in the first half of this year were as follows: 1) There was a general increase in manufactured goods of various types. Among the production targets of the 50 major products which were put under priority assessment by the city, the production targets for sewing machines, bicycles, and 25 other products were overfulfilled, and there was an increase in the production of 27 products over that in the corresponding period last year; in particular, there was a relatively big increase in the production of raw and semifinished material products and of products designated to support agriculture. For example, there was an 18.34 percent increase in steel production, and increases in durable consumer goods, such as household refrigerators, washing machines, and TV sets, ranged from 70 percent to 190 percent, respectively. 2) There were big advances in both production and marketing of heavy industrial products. The city's heavy industrial output value in the first half of this year registered an increase of 8.74 percent over the corresponding period last year. Based on a 100-point scale, the 16 major targets for economic results of the three heavy industrial bureaus--metallurgical, chemical, and rubber industries--remained above 80 points every month. Good achievements were scored in boosting production, marketing, profits, and

transactions. 3) There was a considerably rapid increase in the growth rate of light industry. The production of the city's textile industrial bureau in the first quarter of this year decreased by a big margin, but since April a gradual turn for the better has been effected in this passive situation thanks to the efforts made by the bureau and its affiliated organizations to make a timely readjustment of production and to pay close attention to product marketing work. 4) There were marked economic results in key enterprises through reorganization. Since this year, the industrial and communications front has made concentrated efforts to reorganize 85 enterprises, whose profits and taxes to be delivered to the state each year amount to more than 3 million yuan, and 17 other key enterprises. By the end of June, there were already 16 enterprises which had received acceptance certificates after being checked and accepted by the departments concerned. Through reorganization, all enterprises have attained remarkably better economic results in establishing the economic responsibility system, in perfecting quality control, and in raising labor productivity. For example, the sewing machine industrial company has, through enterprise reorganization, aroused the enthusiasm of the staff and workers for production and overcome difficulties in the shortage of raw and semifinished materials, thus increasing production by 26.6 percent as compared with the corresponding period last year, and increasing total profits by at least 7 percent.

The city maintained a certain growth rate in industry in the first half of this year but its economic results were poor. Among the city's enterprises which each had a total deficit of above 300,000 yuan from January to May this year were the Guangzhou broadcasting facilities plant, the Guangzhou automobile factory, the Guangzhou diesel engine factory, the Guangzhou clock factory, the Zhujiang paper mill, the Guangzhou No 4 cotton mill, the Guangzhou chemical fiber plant, and the Guangzhou carbon factory. All enterprises must strive to raise economic results and ensure increases in both production and income. Only in this way can the city's industrial production develop healthily.

CSO: 4006/680

ECONOMIC MANAGEMENT

ZHAO YINHUA STRESSES IMPROVING PRODUCT QUALITY

OW220335 Beijing Domestic Service in Mandarin 1200 GMT 20 Jul 83

[Text] At a meeting on enterprise consolidation held by various departments under the State Council on the morning of 20 July, Zhao Yinhua, deputy head of the leading group for the consolidation of enterprises throughout the nation, said: In view of the present situation of China's enterprises, a leading comrade of the State Council has clearly and definitely pointed out: Under the new situation, our enterprises are facing a serious challenge, the question of how to effect a change and improve quality. If our enterprises fail to achieve a fundamental change by making considerable qualitative improvement, they will lack vitality at home and will have no competitive power and a way out in the international market. In short, unless they advance, they cannot survive.

Zhao Yinhua said: All enterprises, including enterprises that have successfully completed consolidation and have the results of consolidation checked and verified by higher authorities, should take the instruction of this leading comrade of the State Council as a guidance to correctly appraise their operation, realize soberly their own shortcomings, and continue their consolidation efforts.

Zhao Yinhua said: The old way of survival by relying on cheap raw and processed materials and agricultural and sideline products and low wage expenditure can no longer meet the new situation. From now on we can also no longer use the old way of assessing economic results of an enterprise. For instance, we used to attribute a decrease in profit to changes in external factors. These changeable external factors always exist. What would the assessment of an enterprise's vitality mean if we assessed its economic results without considering external factors? The correct way is to guide enterprises to strive to change by improving the quality of their leading bodies, technology, management and workers.

Zhao Yinhua pointed out: In order to achieve this change, we should first improve operational policy and correct backward management. We should be able to respond quickly to changes in market demand and produce marketable products. For this purpose, it is necessary to train a large number of

socialist entrepreneurs who can organize and lead, have strategic foresight, know their professions and are willing to work hard. Through these socialist entrepreneurs we should train a contingent of workers who are good in thinking, work style, skill and labor discipline. In other words, we should pay attention to the technical transformation of enterprises, rely on technical advances and make efforts to develop new products, improve the quality of products and lower production costs.

CSO: 4006/692

FINANCE AND BANKING

ANHUI MEETING EXAMINES PRICE HIKE MEASURES

OW180601 Hefei Anhui Provincial Service in Mandarin 1100 GMT 12 Jul 83

[Text] On the afternoon of 10 July the provincial people's government and the provincial Discipline Inspection Commission held a joint meeting to view the work of implementing the emergency circular issued by the State Council and the CPC Central Committee Discipline Inspection Commission on strictly stopping arbitrary price hikes of means of production and indiscriminate collection of fees from construction units.

(Xie Daozhang), responsible person of the provincial Commodity Price Committee, reported on how the emergency circular was being carried out by various prefectures and cities in Anhui and by the provincial departments concerned. According to his report, six special inspection groups have been sent out by the provincial metallurgical, forestry, and coal industry departments, the provincial Building Materials Bureau, the provincial Planning Commission, and the provincial Capital Construction Commission to check the work done at the grassroots level. Each is led by a cadre at or above the department level. Generally, arbitrary price hikes in the principal means of production, including rolled steel, pig iron, cement, lumber, and coal, have been stopped. Many enterprises are determining how much extra money they have received through arbitrary price hikes in order to submit a report to the authorities concerned for examination. The extra money may then be turned over to the state. Generally, a good job has been done in implementing the aforementioned emergency circular.

The meeting consented to the six measures proposed by the provincial Commodity Price Committee at a previous meeting which was attended by chairmen of prefectural and city commodity price committees. These measures are as follows:

1. Further efforts should be made to study the emergency circular of the State Council and the CPC Central Committee Discipline Inspection Commission in order to gain a deeper understanding of its contents.
2. All acts that violate pertinent regulations of the CPC Central Committee and the State Council and that arbitrarily raise the price or negotiate the price beyond the scope of the designated authority should be firmly corrected, and all resulting illegal receipts should be confiscated.

3. Anyone violating these regulations should take corrective action. When government organizations or departments responsible for price control at the lower level, enterprises, or establishments discover violations of the regulations by government organizations or departments concerned at a higher level, they should report the violations to the next higher authorities. The unit which made the decision resulting in the violation is required to answer clearly why such a decision was made. All cases of covering up the facts, refusing to report what has happened, and failing to deal with the violations should be reported to the higher party committees, government, and competent authorities. There should be clear-cut responsibilities; violators of the regulations should be held responsible.

4. Any previous verbal promises on the question of price are invalid regardless of who made them. If the unit making verbal promises believes that the promises should be subsequently carried out, a document to that effect should be issued.

5. No unit is allowed to refrain from implementing the emergency circular for any reason. Any unit finding it difficult to carry out the emergency circular may submit a report to the authorities concerned while the emergency circular is being implemented.

6. Anyone refusing to implement the emergency circular, should be reported to the provincial authorities as quickly as possible.

Pursuant to a decision made at the meeting, the provincial people's government and the provincial Discipline Inspection Commission have organized five joint investigation teams composed of personnel from the departments concerned. They should conduct checkups in various areas to ensure the implementation of the emergency circular. The teams left today for various prefectures and cities.

CSO: 4006/692

FINANCE AND BANKING

GUANGDONG TO CONTROL CAPITAL CONSTRUCTION SCOPE

HK200937 Guangzhou NANFANG RIBAO in Chinese 12 Jul 83 pp 1, 3

["Full Text" of Guangdong Provincial People's Government "Circular on Exercising Strict Control Over the Scope of Capital Construction to Guarantee the Construction of Key Projects"--issued 9 July]

[Text] Over the past year or so, due to lax management, some localities and units have blindly started a number of capital construction projects and expanded their scope. The number of unplanned projects has sharply increased, the planned targets have been affected, and the scope and front of capital construction have been overextended, and, as a result the construction of some key projects and planned projects has been squeezed out by some ordinary and unplanned projects. The three main construction materials have been in short supply, and the costs of building projects have risen. All this has seriously affected the economic returns in capital construction.

This year, in accordance with the instructions of the CPC Central Committee and the State Council on strictly controlling the scope of capital construction, our province has already adopted appropriate measures to curtail the capital construction front and has assigned tasks to various localities to control its scope. The figures from January to May showed that during this period, the total investment in capital construction still increased by 18.8 percent over the corresponding period of last year. In particular, the scope of capital construction with self-collected funds has not yet been controlled. In some places, it has even been further expanded. We must pay serious attention to this and adopt resolute measures to curb it.

In order to resolutely implement the spirit of the central work conference, to strengthen management, to concentrate our financial and material resources on the construction of key projects, to raise economic returns, and to enforce financial discipline, we would like to issue the following notice:

1. To resolutely curb the unhealthy tendency of indiscriminately starting unplanned capital construction projects. All localities, cities, and counties, as well as all departments, must carry out a thorough examination of all capital construction projects which are in progress. No matter where they have got the funds for the construction (self-collected funds, foreign

funds, or bank loans), they must be controlled in strict accordance with the spirit of the No 153 (1982) document of the State Council and the plans approved by the state or provincial authorities. The excess parts must be curtailed. Otherwise, additional fees for energy and communications construction, which are equal to 30 percent of the investment in these projects, must be collected and turned over to the state in accordance with relevant stipulations of the central authorities. Without authorization, localities or units are not allowed to start unplanned capital construction projects in any forms or under any pretexts. It is also necessary to make a thorough examination of, and exercise strict control over, the capital construction projects undertaken by collective units. The provincial planning committee and construction committee are instructed to put forward concrete requirements for the overall examination and work out through investigation plans for revising and perfecting the projects' examination and approval systems. They will be put into effect after the approval of the provincial people's government.

In order to concentrate our strength to guarantee the construction of key projects, no new projects will be added to this year's plan.

2. To make a clear distinction between capital construction and the measures for equipment renewal and technological transformation, and to strengthen planning and management of the investment in fixed assets. It is necessary to conscientiously implement the relevant stipulations of the state and really use the funds for enterprise equipment renewal and technological transformation for this purpose. No department is allowed to extend the capital construction front under the pretext of technological transformation, or to go beyond the planned areas in developing the construction projects. As to the above-norm technological transformation projects, they must be managed in the way capital construction projects are managed. If some projects really need to be developed beyond the plan, they must be developed with the approval of higher-level authorities according to relevant stipulations. Those which were already arranged in the past must be reexamined and dealt with in light of their concrete situations.

3. To follow the relevant instructions of the central authorities in the capital construction of the special economic zones and Hainan Island. The relevant provincial departments must sum up their experiences and make an earnest study and examination in the work of examining and approving the use of foreign funds in capital construction and must work out corresponding regulations to be carried out after the approval of the provincial people's government.

4. To effectively concentrate our strength to guarantee the construction of key projects. Priority should be given to the central and provincial key projects with regard to making plans, using funds, allocating materials, importing technology, and organizing construction forces. All localities and departments must conscientiously implement the instructions of the central authorities on the whole country supporting the construction of key projects. None of them is allowed to get advantages at the expense of these projects.

The economic responsibility system must be adopted in developing the planned projects. In responsible departments or in grassroots enterprises, there must be such cadres as bureau chiefs, managers, and factory directors, who are appointed to take charge of the construction of key projects so that they can be developed at a higher speed and better results can be achieved.

5. To effectively strengthen leadership, examination, and supervision over the control of capital construction scope. The provincial people's government has decided that the forces will be organized by the provincial planning, construction, economic, and foreign economic committees, the provincial Statistics Bureau, and the Guangdong branch of the Construction Bank, to take charge of the consolidation and examination work in capital construction. Then, several groups will be sent in the near future to relevant prefectures, cities, and counties to make examinations in this respect. All localities and cities are also required to organize forces to carry out examinations.

Special groups must be appointed by all localities and departments to take charge of this work. They must report the results of their examinations to the provincial people's government and the provincial planning and construction committees. All financial and statistics departments and banks must strengthen examination and supervision of this work in strict accordance with the state and provincial plans. Effective measures must be adopted by all localities and departments to solve the problems in ideology and understanding. In the future, when new problems occur on the question of controlling the scope of capital construction, the administrative commissioners, mayors, county magistrates, and principal leaders in those prefectures, cities, counties, and departments will be held responsible for these problems.

Please study and implement the above circular immediately and conscientiously.

CSO: 4006/691

FINANCE AND BANKING

GUANGXI CIRCULAR ON 'INDISCRIMINATE' PRICE HIKES

HK131230 Nanning Guangxi Regional Service in Mandarin 1130 GMT 11 Jul 83

[Summary] On 8 July, the Guangxi Regional People's Government and the regional Discipline Inspection Committee issued a circular, demanding that leaders, cadres, and workers of all relevant departments, enterprises, and units seriously study and understand the spirit of the urgent circular of the State Council and the Central Discipline Inspection Commission on resolutely curbing the indiscriminate raising of the prices of the means of production and the indiscriminate exacting of charges from construction units. In accordance with the provisions in the urgent circular, they should conduct inspection and rational readjustment. All places must curb these two unhealthy trends before 15 July.

The circular contains provisions on the prices in the region on timber, cement, rolled steel, pig iron, and coal as follows:

"1. The prices of timber--It is necessary to implement the 22 June 1981 circular of the regional People's Government on transmitting the report of the regional Commodity Price Committee and the regional Forestry Bureau on readjusting the buying and selling prices of timber. Beginning 1 January 1983, all additional purchasing and marketing agency charges of the retained timber are to be cancelled and taxes and profits are to be increased correspondingly.

"2. The prices of cement--It is essential to implement the 25 August 1980 circular jointly issued by the regional Commodity Price Committee and the regional building material bureau on effecting the ex-factory prices of the new-grade cement of the regional centralized allocation cement plant." The region must cancel the increased prices of cement produced above the quotas on which the regional Discipline Inspection Committee, the regional Economic Committee, the regional Capital Construction Committee, the regional Material Bureau, the regional Building Material Bureau, and the regional Financial Bureau agreed. The cement from the Liuzhou cement plant and Litang cement plant is to be sold at the state unified prices.

"3. The prices of rolled steel and pig iron--It is imperative to restore the national unified prices and to implement relevant stipulations. The provisional prices originally fixed by the region are to be cancelled.

"4. The prices of coal from state-run coal mines--It is necessary to implement the 29 April 1982 circular of the regional Commodity Price Committee and the Coal Industry Bureau on the producer prices of the regional centralized allocation coal mine. All raised prices of coal produced above the quotas must be cancelled." However, the stipulations on the increased prices of coal used, more than the quotas for consumption, are to remain effective.

"5. The prices of petroleum--It is essential to continue to implement the 4 September 1971 circular of the production command center of the regional revolutionary committee on readjusting petroleum procurement prices."

6. The prices of other means of production--It is necessary to inspect and readjust the prices of the means of production in accordance with the prices fixed by the State Council and the region.

7. Several provisional regulations which the regional Material Committee transmitted on 26 August 1981 on the prices of heavy industrial products should no longer be enforced.

8. All unlawful proceeds from unauthorized increased prices, disguised raised prices, additional charges must be confiscated. Thirty percent of the confiscated proceeds should be submitted to the regional treasury and 70 percent should be submitted to the central treasury.

The circular demands that the people's governments of all prefectures, cities, and counties report by telephone the situation in the inspection every 2 days of enterprises to the regional people's government before 15 July.

In conclusion, the circular says that beginning 15 July, those who do not or refuse to put into effect the prices stipulated by this circular will be strictly inspected and dealt with by party's Discipline Inspection Committees at all levels.

CSO: 4006/691

FINANCE AND BANKING

CIRCULAR AIMS AT CURBING PRICE HIKES, CHARGES

OW210555 Fuzhou FUJIAN RIBAO in Chinese 9 Jul 83 p 1

[Excerpts] On 8 July the Fujian Provincial People's Government and the Fujian Provincial CPC Discipline Inspection Commission issued an "urgent circular on resolutely checking the two unhealthy practices of arbitrary price hikes and collection of fees" to the prefectural administrative offices, city and county people's governments, prefectural, city and county party discipline inspection commissions and units directly under the provincial authority.

The circular says: The "urgent circular on resolutely checking the arbitrary raising of prices of means of production and indiscriminate collection of fees from construction units" issued by the State Council and the CPC Central Discipline Inspection Commission has been transmitted down to the county level. To ensure the smooth implementation of the "urgent circular," the following circular is hereby issued:

1. Leading cadres of party and government organizations at all levels and enterprises and institutions must conscientiously study and deeply understand the great significance of the "urgent circular."
2. To make sure that the two unhealthy practices are stopped by 15 July, it is imperative to do the following:
 - a. Organize state-owned production and supply units to conduct self-examination on prices they have charged for such means of production as steel products, pig iron, cement, timber and coal. At present they should first of all solve the problem of supplying the commodities at prices fixed by the state.
 - b. The fees arbitrarily set or forcibly imposed by various localities, departments and units on construction units should be cancelled without exception on the day the "urgent circular" is received. Construction banks at all levels and construction units should firmly refuse to make such payment. The fees arbitrarily collected in the past should be accounted for and reported to the relevant higher authorities.

3. While checking the two unhealthy practices, it is imperative to guarantee the normal progress of production and construction activities. Appropriate relations for cooperation should not be interrupted. Normal supply channels should be kept open.

4. Provincial, prefectural and city leaders should personally take action to strengthen organization and leadership. Jointly with other organizations concerned, the provincial economic commission will dispatch work teams to the various prefectures, cities and departments to check at selected points the implementation of the "urgent circular." The prefectures and cities should make spot checks on the implementation of the "urgent circular" by enterprises under their jurisdiction.

5. All prefectures and cities should seize typical cases and accurately report them to the provincial government for publication in the newspapers.

6. The various provincial commissions, offices, departments and bureaus and prefectures and cities are requested to promptly report to the provincial government on the implementation of the "urgent circular," on problems encountered and on suggestions made, and to the provincial Discipline Inspection Commission on cases of discipline violations by party members. Enforcement of the prices of the five commodities should be reported promptly to the provincial Price Commission; the commission will in turn make a comprehensive report to the provincial government and the provincial Discipline Inspection Commission.

CSO: 4006/691

FINANCE AND BANKING

CENTRAL DIRECTIVE ON PRICE CONTROLS CONVEYED

HK080304 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 7 Jul 83

[Summary] The provincial government and the provincial Discipline Inspection Commission held a provincial telephone conference on Thursday evening [7 July] to convey a directive issued by the State Council and the Central Discipline Inspection Commission on checking the evil tendency of indiscriminately raising the prices for production materials and imposing levies on construction units.

(Jin Feng) read the central directive at the meeting. Zhou Yansong conveyed the provincial CPC Committee's Discipline Inspection Commission and the provincial government's opinions on carrying out this directive. Wang Chaowen and Zhang Yuhuan also made speeches.

The meeting required all localities to resolutely carry out this central directive and to convey the document to all enterprises on 8 July, and to take action to check the evil tendency of random price increases and levy imposition. All practices in violation of the central authorities' stipulations must immediately be corrected. The meeting warned: "If any units continue to raise prices and impose levies indiscriminately, leaders of these units will be punished for a breach of discipline."

In order to implement this central directive, a joint leading group has been founded by the provincial government and the provincial Discipline Inspection Commission. Principal leaders of local party committees and discipline inspection organs are required to take personal responsibility for this job.

CSO: 4006/691

MINERAL RESOURCES

BRIEFS

JILIN GOLD MINING--Communes and brigades in Huaidian County, Jilin Province, had mined 36.6 kgs of gold as of the end of June, an increase of 800 percent over the corresponding 1982 period, and the equivalent of 2.5 times the total amount of gold mined by communes and brigades in Jilin City in the first 6 months of 1982. [Summary] [Changchun Jilin Provincial Service in Mandarin 2200 GMT 17 Jul 83]

CSO: 4006/692

INDUSTRY

BRIEFS

JILIN MACHINERY, ELECTRONICS INDUSTRIES--Based on successes in enterprise management and consolidation, the machinery and electronics industries in Jilin Province have improved economic results every month since the beginning of 1983. As of the end of June, these two industries fulfilled the annual industrial output value plan by 63.4 percent, a 30.4 percent increase over the corresponding 1982 period. [Summary] [Changchun Jilin Provincial Service in Mandarin 1030 GMT 17 Jul 83]

CSO: 4006/680

CONSTRUCTION

EFFORTS REQUIRED TO SUPPORT KEY STATE PROJECTS

Beijing XINHUA Domestic Service in Chinese 0738 GMT 19 Jul 83

[Report by reporter Qiu Yuan]

[Text] Beijing, 19 Jul (XINHUA)--In a statement to this reporter today, a responsible person of the Ministry of Commerce pointed out: Commercial departments should make vigorous efforts to support the construction of key state projects, to build more shopping centers, and to do a good job in the supply of commodities in order to ensure the smooth progress of key construction projects.

This responsible person said: It is a policy decision of the party Central Committee and the State Council to concentrate financial and material resources on the construction of key projects. Leading cadres and the large number of workers and staff members in commercial departments at all levels should resolutely carry out this policy decision and make a due contribution to supporting the construction of key projects.

The responsible person of the Ministry of Commerce said: The sites of many key state projects are located in areas far away from cities. The tasks are heavy and time is pressing, while conditions are not very favorable. Providing good commercial service by ensuring the supply of capital goods to key construction projects and of daily necessities to workers and staff members is important for the on-schedule completion of key construction projects. Many localities now have attached importance to commercial work in the construction of key projects, which has won praise from workers and staff members. However, some localities have not yet paid sufficient attention to this work. As a result, there are not enough stores and commodities are not supplied in a timely manner to areas where key projects are under construction. This has inconvenienced the masses' daily life. Commercial departments should help the relevant units solve such problems conscientiously.

First, it is necessary to assist construction units in including the building of commercial service facilities in their construction plans. The State Council explicitly stipulated in 1979 that all new industrial and mining areas should include the building of commercial service facilities in their general construction plans and that arrangements should be made for both

commercial service facilities and industrial and mining projects to be built at the same time. In areas where key construction projects are located, commercial departments should take the initiative in assisting the departments in charge of such construction in implementing this stipulation so that unified planning, with due consideration for both production and daily-life facilities is made.

Second, during the construction of key projects, commercial departments should send special personnel to acquaint themselves with the situation at the construction sites, to set up temporary supply and service facilities together with the construction units, to ensure the supply of commodities to such units and to provide good services for the construction workers' daily life.

Third, it is hoped that localities where key construction projects are located will strengthen their commercial work. The leading cadres of commercial departments in various localities will personally take a hand in this work, organize inspections, and assign special units to take charge of commodity supplies for construction units. At the same time, overcharging construction units for commodities must be strictly forbidden.

CSO: 4006/692

CONSTRUCTION

JINGJI RIBAO ON CONTROLLING CAPITAL CONSTRUCTION

HK210404 Beijing JINGJI RIBAO in Chinese 12 Jul 83 p 1

[Editorial: "An Important Matter Calling for Immediate Attention in Economic Work"]

[Text] To control the scale of capital construction and sort out the projects under construction--this is an urgent job in current economic work that must be completed and is a matter of top importance in economic work that calls for immediate attention.

A noteworthy problem existing on the capital construction front since the beginning of last year is an excessive increase in the total amount of investment. The scale of capital construction in 1982 jumped from 44.3 billion yuan in 1981 to 55 billion yuan, an increase of 25 percent greatly exceeding the growth rate of yearly national income and the means of production. Especially worth noting is that a continuing upward trend has still marked the scale of capital construction in the first half of this year. The amount of investment in capital construction projects completed from January to May showed an increase of 37.3 percent when compared with the same period last year. Given a sharp increase in the investment in capital construction, the production of the machinery-processing industry has also shown a too-rapid growth, causing another strain on energy and raw material supplies, where the shortage had been slightly relieved. A phenomenon marked by construction affecting production, heavy industry affecting light industry, and general projects affecting key ones has begun to appear.

Our experience in economic construction in the past 30 years or so has repeatedly shown that a properly or improperly arranged scale of capital construction is a basic factor that determines whether the entire national economy can develop on a steady basis. If we do not take effective measures to strictly control the scale of capital construction and let things take their own course, there will naturally be an overall strain on economic life, causing a new imbalance in the proportionate relations of the national economy and the appearance of new fluctuations in it. This would make it impossible to create favorable conditions for the steady development of the economy during the "seventh 5-year plan" period and would also give rise to new problems. Thus, to maintain the steady development of the economy would become impossible.

To arrest the trend toward an ever-increasing scale of capital construction, we must resolutely scale down investment funds and construction projects arranged by various departments and areas, which are not included in state plans. We must in particular keep the size of self-raised funds and fund allocations within the limits of national plans. In so doing, we must at the same time slash the number of projects. If we just cut down slightly the allocation for each project, it would appear that there has been a reduction in the total amount of investment for the year. Actually, not only has there been no reduction in the overall scale of construction but the postponement of the period of construction would be inevitable, adding to the costs of relevant projects and causing still greater loss or waste. All departments and areas must immediately make a serious investigation of projects under construction. In light of available financial and material resources, they must distinguish between important and less important, and urgent and less urgent projects--stopping those taken up blindly or duplicated, scaling down those general and not urgent ones, and postponing those which need but are not provided with the necessary conditions, with all factors taken into consideration. Some of the available financial and material resources should be reserved for the strengthening of important construction projects. Those backbone projects in energy, transport, and other fields should be given priority, laying a solid foundation for a revitalized economy in the 1990's.

We must not only seriously sort out projects under construction but also strictly control new projects taken up. The main reason for the excessive growth of the scale of capital construction since the beginning of last year is a rash of new projects and especially a proliferation of small projects newly started by various departments and areas that have drawn on their own funds or bank loans. In the past year, the number of small projects under construction throughout the country totaled 70,000, with more than 34,000 of them begun in that year, accounting for 48 percent of all small projects under construction. Therefore, to arrest the trend toward an ever growing scale of capital construction, we must strictly control the new projects undertaken, apart from seriously examining those under construction. Large and medium-sized projects must be taken up in a planned and orderly manner. Still less can we start small projects blindly. Work on projects not included in plans should not be allowed to begin. Those already included in plans for action this year must also be strictly examined. Work should not begin or continue on those projects not compatible with capital construction requirements and not provided with the necessary conditions for implementation.

To control the scale of construction and sort out projects under construction is an important job that must be taken up in current economic work. The leadership at all levels must ideologically recognize the great significance of the proper handling of this job. Only by controlling the scale of capital construction can we guarantee the steady development of the economy and ensure that the reappearance of great fluctuations in our whole national economy will not occur. Only in this way can there be hope for a revitalized economy. Ours is a socialist country with a planned economy. Overall arrangements should be made concerning which project should or should not be started. The part must be subordinated to the whole. Only if something is

sacrificed by the part can something be achieved for the whole. The leadership at all levels must proceed from the national economy as a whole, overcome departmentalism and the idea of being concerned only with the partial, and show determination in reducing the scale of construction and sorting out projects. Temporary pain is preferable to permanent pain. We should make up our minds without delay and act early. In no way can we hesitate and take a wait-and-see attitude. If we let things slide, waiting until things cannot be helped and then starting a major surgical operation through readjustment, we would be in for a more passive state and still greater loss or waste.

In controlling the scale of construction, we must uphold the guideline of a steady economy and stick it out for a long time. We must put specified people in charge of given matters and impose strict and clear-cut discipline. In the future, no department or area can again make a break with investment plans approved by the state. If this occurs in a given area, the governor of the province, the mayor of the city, or the chairman of the autonomous region will be held responsible. If a department takes such action, the department head should be held responsible. If limits for bank loans are exceeded, the bank manager is to be held responsible. Those cases involving the unauthorized expansion of the scale of construction and the random launching of new projects must be seriously tackled and punished by law.

CSO: 4006/691

CONSTRUCTION

BRIEFS

LIAONING RECONSTRUCTS DALIAN PORT--The reconstruction and expansion projects for Dalian Port, Liaoning Province, are in full swing. The reconstruction project at a container handling wharf has been put into operation ahead of schedule. The wharf covers a floor space of 33,000 square meters and has an annual productive capacity of 13,400 tons. The wharf takes charge of handling containers for four international shipping routes, such as Dalian-Hong Kong, Dalian-Japan, Dalian-United States and Dalian-Western Europe. [Summary] [SK181211 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 17 Jul 83]

CSO: 4006/680

DOMESTIC TRADE

BRIEFS

JILIN-GUANGDONG AGREEMENT--Recently Yanbian Korean Nationality Autonomous Prefectural Government, Jilin Province, and Guangzhou City Government, Guangdong Province, reached an agreement on economic and technical cooperation. In line with the agreement, Guangzhou should supply advanced technology and industrial equipment to help Yanbian develop foreign trade and Yanbian should supply industrial raw materials and farm, sideline occupation, and local products to Guangzhou. [Summary] [SK202240 Changchun Jilin Provincial Service in Mandarin 2200 GMT 9 Jul 83]

CSO: 4006/680

FOREIGN TRADE

LECTURE ON IMPORTING ADVANCED TECHNOLOGY

OW150441 Beijing Domestic Service in Mandarin 2320 GMT 11 Jul 83

[Sixth lecture in series on foreign economic relations and trade: "Actively Import Advanced Technology and Key Equipment Needed by Our Country"--by (Chang Jiarui) of the Ministry of Foreign Economic Relations and Trade]

[Excerpts] In his report to the fifth session of the Fifth NPC, Premier Zhao Ziyang pointed out that an important way to bring about technical progress in China is to actively import advanced technology. Being common assets of mankind, science and technology have developed in the course of mutual exchange of experience among different trades, sectors, nations and countries. To speed up their economic development and catch up with or surpass advanced countries in economic technology, developing countries and regions must import technology from developed regions and countries. To maintain their lead in technology, developed regions and countries must also continually import technology from other regions and countries.

China has been importing technology since its founding. As a result of the policy of opening to the outside world and invigorating the domestic economy adopted since the third plenary session of the 11th CPC Central Committee there has been a new development in the import of technology. This new development can be illustrated by the following main facts: Before 1978 China imported mainly complete sets of equipment and other large items for the construction of new plants. After 1978 China abandoned this practice and imported mainly technology through such means as acquiring technology licenses, technological advisory and consulting services and joint production, while imported items were no longer all large items but mainly small and medium-sized items for promoting technical transformation and technical progress of existing enterprises.

China's experience in the past 4 years proves that China has achieved good results by changing the method of importing technology and following the correct direction. For example, in 1 to 2 years some imported items overcame a gap of 20 to 30 years in product quality and technical performance. In addition, economic results such as lower fuel consumption and lower production costs have been achieved by importing different equipment. In doing so we have been confronted with many problems owing to our lack of

experience. It is hoped that all quarters concerned strive to solve these problems as quickly as possible. In the following I will discuss these problems from four aspects:

1. It is necessary to correctly solve the key question of software technology and hardware technology in importing technology. Since technology is a concept with a variety of meanings, it bears different definitions depending on viewpoint.

Some of our enterprises have very good and advanced equipment but have been unable to use such equipment to produce high-quality and advanced products. Why? Although there are many reasons for this, the main reason is failure to master, or to fully master, advanced software technology. Therefore, in the work of importing technology it is necessary to overcome the tendency of attaching importance only to hardware to the neglect of software and of simply wanting to import technology and equipment merely for the sake of importing. In the past 4 years, some of our imported items have produced marked results because we attached importance to the import of software technology, not just of some types of equipment. Of course, when we stress the import of software technology, it does not mean that we are against importing equipment. However, we must uphold the basic principle that only by mastering advanced software technology can we make advanced hardware technology play its role well.

2. Early preparations for importing technology must be done well. The failure and success in importing technological items depends to a large extent on how well preparations are done.

3. It is necessary to attach importance to economic results in importing technology. The purpose of importing foreign technology is to increase production, create wealth, meet our needs and increase our accumulations. Technology that fails to produce economic results is worthless. Therefore, it is necessary to analyze the economic results an item of imported technology is expected to yield.

4. It is necessary to tighten state control over the work of importing technology. Technological import is a very complex matter. A large item may involve some hundred million U.S. dollars. Take for example the Baoshan Iron and Steel Complex in Shanghai. A small item may involve only a few thousand or a few hundred thousand U.S. dollars. Take for example the specific technology required for making a specific part of a product.

In importing technology the importer generally has to negotiate from a weaker position. China's position in this respect has been further weakened by the lack of information and experience and the inadequacy of Chinese laws and regulations. Therefore, to do a good job in this complex work and strengthen our position, it is absolutely necessary to tighten state control over the import of technology while upholding the principle of delegating administrative powers to lower levels. The purpose of state control is to find the most appropriate source of technology and to import it at a reasonable price and under reasonable conditions to meet the needs of departments and enterprises.

State control should be exercised by means of guidance, coordination and promotion. China is a big country, and it is inconceivable that the work of importing technology can be administered by a single organ or department. China needs an administrative system through which work can be carried out by division of powers at different levels and with the participation of the departments of planning, science and technology, foreign economic relations and trade, finance and other departments such as banks and legal offices. China also needs to set up a comprehensive system of laws and regulations in addition to establishing a network of information, consulting and statistical offices and nongovernmental associations for the promotion of technological imports. Departments of foreign economic relations and trade at all levels should strive to establish these systems or networks. I believe that if all quarters cooperate in gradually building these systems, there will be a marked improvement in China's work of importing technology.

CSO: 4006/691

FOREIGN TRADE

BRIEFS

HEILONGJIANG EXPORT COMMODITY FAIR--The 1983 Harbin export commodity fair ended on 15 July. The business volume of export commodities reached \$50 million, surpassing the export business plan by 100 percent. Some 500 foreign customers participated in this trade fair. Li Lian, secretary of the Heilongjiang Provincial CPC Committee, Chen Lei, governor, and Hou Jie, deputy governor, toured the fair. Some 1,700 export commodities were on display, of which 240 commodities are new products. Business talks on importing \$1 million worth commodities were held and agreements were reached. [Summary] [SK161136 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 15 Jul 83]

LIAONING EXPORT PROCUREMENT--The total volume of export goods procured in Liaoning Province in the first half of 1983 reached 1,433,440,000 yuan, an increase of 3.8 percent over the same 1982 period. The value of export goods procured in Dalian, Yingkou and Dandong cities alone totaled 667 million yuan. [Summary] [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 15 Jul 83]

TIANJIN WORLD BANK DELEGATION--The World Bank delegation arrived in Tianjin on 14 July to discuss granting loans to Tianjin to develop three large and medium-sized projects which will need \$17.8 million in loans. During its stay in Tianjin, the World Bank delegation will also discuss the question of granting loans to Tianjin to support another six small technical transformation projects. Deputy Mayor Li Lanqing received and feted the delegation on the evening of 15 July. [Summary] [Tianjin City Service in Mandarin 0030 GMT 17 Jul 83]

PRC AT TANZANIAN FAIR--Dar es Salaam, 9 Jul (XINHUA)--The Seventh Dar es Salaam International Trade Fair concluded here today. The fair which involved 134 local companies and 12 foreign countries was officially opened by President Julius Nyerere on 3 July. China participated in the fair this year for the second time. On display were publications, story books and handicraft items which drew thousands of visitors every day. The fair is aimed this year at offering opportunity for encouraging foreign trade. [Excerpt] [Beijing XINHUA in English 1637 GMT 9 Jul 83]

LABOR AND WAGES

TRADE UNION'S ROLE IN SOCIALIST SOCIETY

HK220603 Beijing CONGREN RIBAO in Chinese 9 Jul 83 p 3

[Article by Liao Gailong [1675 5556 7127]: "Trade Unions in Socialist Society"]

[Text] Summary: This article spells out Lenin's most important and most valuable idea on trade unions under socialist conditions, or the idea that the trade union represents the interests of the working class and that one of its most important tasks is to help resolve contradictions among the people. In light of Lenin's above idea and the positive and negative experiences of our country and other countries, the following should constitute the nature and the tasks of the trade union in the socialist period: First, the trade union is an organization established by the masses of workers themselves to uphold their own interests. It "must undertake to uphold the workers' interests," safeguard their immediate, long-term and collective interests, and follow the principle of paying simultaneous attention to the interests of the state, the production unit, and the producer. Second, the trade union must strive for to safeguard democratic rights and fight for the realization of a democratic country and the establishment of a highly democratic socialist political system. Third, the trade union should help the party and the state select and train among workers outstanding skilled personnel devoted to the cause of socialist modernization. [End summary]

Since the third plenary session of the 11th CPC Central Committee, an excellent situation of vigorous growth has marked our country's trade union work. Recently, the secretariat of the party Central Committee has again given important instructions on trade union work and further defined the guidelines and tasks connected with trade union work.

At present, to push our trade union work forward and to create a new situation, it is highly necessary for those comrades involved in trade union work and those comrades in relevant fields to further understand the nature and tasks of trade unions under socialist conditions. In this regard, a review of Lenin's relevant writings is of great benefit to us.

Lenin's most important and most valuable idea about trade unions under socialist conditions is what he said in his article entitled "The Trade Union's Role and Tasks Under a New Economic Policy" in January 1922. He

said that the trade union represents the interests of the working class and is its spokesman and that one of the most important tasks of the trade union is to help resolve contradictions among the people. Lenin said: "The so-called economic accounting practiced by the state enterprises.... This actually means state enterprises following commercial principles to a certain degree. Given the urgent need to raise labor productivity to enable every state enterprise to suffer no loss and even to make profits, and given the natural phenomenon of concern over departmental interests and obsession with departmental interests, certain conflicts inevitably arise between the interests of the worker masses and those of managing personnel in charge of enterprises, or other organs in charge. Therefore, among socialized enterprises, trade unions must undertake to uphold the interests of workers and constantly correct the errors of an economic organ arising from a state organ's defect of bureaucratism, or change the phenomenon of obsession with departmental interests--doing so in light of what is likely to bring about an improvement in the workers' material life." ("Selected Works of Lenin," Vol 4, pp 583-584) That is to say that under socialist conditions, trade unions have such a duty. They must uphold the interests of workers and fight bureaucratism and departmentalism.

Lenin also said: "Where there is a clash or conflict between individual sections of the working class and individual organs of the workers' state, the duty of a trade union is to seek a satisfactory solution as quickly as possible, enabling the workers represented by the trade union to reap maximum benefits, but not at the expense of other sections of workers, or at the expense of the workers' state and its overall economic development. Only given such development can a solid foundation be laid for the material welfare and spiritual welfare of the working class." ("Selected Works of Lenin," Vol 4, p 585) I think that Lenin's thinking is unusually important and very valuable. Here Lenin clearly pointed out: First, the trade union is an organization representing the interests of the workers. This is the most fundamental stipulation for a trade union being a trade union. Why is the trade union so called? It is because it represents the working class. Without such a stipulation, a trade union is not a trade union. Second, the duty of the trade union is therefore to "enable the workers represented by the trade union to reap maximum benefits," but not at the expense of the fundamental and long-term interests of the working class or the interests of other sections of the people. Third, the trade union must help the workers' state and the whole society to follow the principle of unifying the workers' immediate and long-term interests in correctly and satisfactorily solving the contradictions between the working class or individual sections of workers and the workers' state and the whole society and its individual organs, or correctly handling the contradictions among the people. "The duty of the trade union is to solve conflicts as quickly and as satisfactorily as possible."

Also, on the kind of attitude that the socialist trade union should adopt toward a strike, Lenin said: "The struggle in the form of a strike waged in a state with the proletariat in power can only be attributed to the defect of bureaucratism still existing in a proletarian state and various remnants of capitalism still existing in its organs. This is one underlying factor.

Another factor behind it is the lack of political enlightenment among the worker masses and cultural backwardness." He further said: "Where there are open conflicts, such as a strike, arising in a state enterprise from the incorrect approach of an economic organ, backwardness on the part of certain workers, provocation on the part of counter-revolutionaries seizing the opportunity, or a lack of foresight on the part of the trade union itself, the duty of the trade union is to take measures stipulated as being in line with the nature of trade union work to bring about a solution of the conflicts as quickly as possible--measures such as trying to do away with really incorrect approaches incompatible with stated rules, satisfying the masses' reasonable requests capable of being carried out, conducting political education among the masses, and so forth." ("Selected Works of Lenin," Vol 4, p 585) This is to say that in a state with the working class in power, the working class and the trade union must first of all do their best to avoid resorting to such means of conflict as strikes and so forth and instead use peaceful and consultative means to solve the contradictions among workers, enterprises, and the state. Second, given the defect of bureaucratism still existing in the socialist period and the lack of political enlightenment and cultural backwardness still existing among the workers, some counter-revolutionaries will still seize the opportunity to carry out provocation. The trade union might also lack foresight. The outbreak of a strike is then still likely. Third, in the case of a conflict such as a strike, the duty of the trade union is, therefore, to follow the way of holding talks with the administrative organ of an enterprise and convincing the workers and bringing about a solution of the conflict as quickly as possible. On the one hand, it must try to get round the incorrect approach adopted by an enterprise. On the other, it must conduct political education among the worker masses, and take other relevant steps.

The above are ideas put forward by Lenin on the relations among the working class, the enterprise, and the state, ideas on correctly handling the contradictions among the people under socialist conditions. Though Lenin did not use such a concept as "correctly handling the contradictions among the people," Comrade Mao Zedong later adopted this scientific concept for the first time, yet such thinking is yet contained in Lenin's ideas.

As far as the task of managing the state and economic and cultural undertakings of the working class and the trade union and their relations with the Communist Party are concerned, what is the viewpoint put forth by Lenin? On the management of the state and economic and cultural undertakings, Lenin put forth the viewpoint concerning an "organization," a "school," and a "reservoir." Touching on the trade union under the dictatorship of the proletariat, Lenin said: "It is an educational organization and a training organization, and it is a school, a school in which to study management, a school in which to study the management of the economy, and a communist school." ("Selected Works of Lenin," Vol 4, p 403) "On the other hand, the trade union is the 'reservoir' of the state government." This is to say that the trade union is an organization to educate and train the worker masses for the management of the state and economic and cultural undertakings. It may also be called a school. As far as the trade union

being the main source of management cadres of the state and economic and cultural undertakings is concerned, it is also a "reservoir." Cadres are kept in reserve so that they can be provided for economic, cultural, and other management organs at any time.

As far as the trade union's relations with the party and the worker masses are concerned, Lenin held that the trade union is the party's link with the worker masses, and a conveyer belt. Through its routine work, the trade union tries to win over the masses, to win over the masses of the only class capable of leading us in the transition from capitalism to communism." ("Selected Works of Lenin," Vol 4, p 404)

A summary of the above several points shows that Lenin's main idea on the nature and tasks of trade unions under socialist conditions is as follows:

1. The trade union has always been an organization established by the worker masses themselves to uphold their own interests. Under socialist conditions, the trade union still "has to undertake to safeguard the interests of the workers." This is a primary and important point of Lenin's thinking. This point has for a long period of time been neglected or forgotten in our country. Lenin said that under socialist conditions, "the trade union must undertake to safeguard the workers' interests." In our country, when Li Lisan, Lai Ruoyu, and other comrades wanted to do so, wanted to safeguard the workers' interests, they were outrageously accused of advocating economism and syndicalism. This only resulted in the trade union and the party itself being divorced from the worker masses, to quite a serious degree.

2. The trade union must help the party, the state, and economic and cultural enterprises and units in correctly handling the contradictions and, most important of all, the clash of economic interests between them and the worker masses. The guiding principle is that the trade union should, of course, allow the workers to reap maximum benefits, but not at the expense of the interests of other people, of the state and of the whole economic and cultural construction effort. This is because the latter represent the foundation of the workers' material and spiritual welfare. This important idea of Lenin's has actually long been neglected by us.

3. The trade union is an organization and a school aimed at helping the party and the state educate and train the working class for the management of the state and economic and cultural undertakings. It is also a "reservoir" for the training of cadres. But, regrettably, Lenin's thinking was not promoted or clarified. Also, he was only looking at problems from the angle of the party and the state, and not from the standpoint of the worker masses. He did not put forth the point about the ways and the methods that the worker masses should follow in winning control of the state and the enterprises.

4. Lenin said that the trade union should be the vanguard of the working class and a link between the worker masses. This idea is of course correct. But on the other hand, the worker masses and the working class mass organization, or trade union, should and can exercise supervision over leaders at

all levels. This is because the correct relationship between the leadership and the masses and between the upper and lower levels should be one of mutual supervision.

The third or fourth points mentioned above have, especially, long been neglected in our country.

In light of Lenin's above thinking and the positive and negative experiences of our country and other countries, what should be our conclusions about the nature and tasks of trade unions in the socialist period and what should be the reforms effected concerning the current state of trade unions?

First, we must admit that the trade union is a trade union because it is an organization established by the worker masses themselves to safeguard their own interests. Under capitalist conditions, just as pointed out in the "Manifesto of the Communist Party," workers join together at local and national levels, thus forming trade unions. This is an important phase of development in "the proletarians forming into a class and thus into a political party" ready for "the decisive battle of class struggle." Under socialist conditions, and especially after the fundamental completion of the socialist transformation of the system of ownership of the means of production, with class contradictions no longer the dominant social contradiction and with the contradictions among the people as the dominant social contradiction, even the trade union of a socialist state enterprise, just as Lenin said, also "must undertake to safeguard the interests of the workers," thus waging a struggle against bureaucratic acts detrimental to the workers' interests, or the phenomenon of obsession with the departmental interests of an enterprise. True, the party and the trade union should make it clear to the worker masses that as both state power and state enterprises are owned by the working class itself, such struggle should not assume such forms of resistance as going on strike, staging demonstrations, and so forth, wherever possible. Instead, every effort should be made to resort to such peaceful means as dialogue, consultations, or negotiations between the trade union and the organ in charge of an enterprise or the state organ, in order to bring about a satisfactory solution of relevant contradictions, to satisfy the worker masses' rational requests capable of being carried out and to give the workers maximum benefits, but not at the expense of the interests of other sections of the people, the state, or the cause of overall economic development. This also means that we must follow the principle of paying simultaneous attention to the interests of the state, the production unit, and the producer, in order to handle correctly such contradictions among the people. But for the trade union to do so is to safeguard the worker masses' immediate and long-term and collective interests and to fulfill its most fundamental task.

Only with a continuous improvement in labor productivity can there be a gradual improvement in the workers' material and cultural life. Therefore, the trade union should make this fundamental principle clear to the workers, continuously seek increased production, and practice strict economy, so as to provide a fundamental guarantee for the continuous improvement of the

workers' living standard. In order to promote the material and cultural welfare of workers, the trade union should also do many other things, such as adopting the path of organizing mutual aid between workers to solve their difficulties, improving the cultural and educational conditions for workers and their sons and daughters, and so forth. In sum, the trade union must at all times be concerned with the improvement of the workers' material and cultural life and become the organizer and adviser in regard to the organization of the worker masses' life. Only in this way can the trade union guide the masses in further exercising the right to manage the state and economic and cultural undertakings and fight for the building of a modern and highly democratic and highly civilized powerful socialist state.

Second, the trade union must take the struggle for achieving and safeguarding the workers' democratic rights and for the realization of a democratic country and the building of a highly democratic socialist political system as another important task of its own. In striving for and safeguarding the workers' democratic rights, or the workers' right to be the masters of the house, we must start with the democratization of trade unions. The responsible persons of trade unions at all levels and the leadership organs at all levels must be elected by the workers themselves. The party must publicize and implement the party's general and specific policies through party members involved in trade union work. The party members committed to trade union work for their part should also fight for the propagation and implementation of the party's general and specific policies.

Trade unions must energetically fight for the realization of a democratic country. Only by establishing a highly democratic socialist political system can there be a real guarantee for the leadership of the working class over the socialist country. Only in this way can there be a fundamental safeguard for the socialist system of public ownership and for the material and spiritual welfare of the working class, the masses of people. Therefore, trade unions must stand at the forefront of the socialist democratic movement led by the party and become the core of this movement.

Trade unions should first of all play an important role in the democratic management of enterprises and institutions. Trade unions must arouse and organize the workers to participate actively in the rallies of workers of enterprises and institutions or to take part in the work related to workers' congresses. They must also select advanced workers with both ability and political integrity to join the management organs in charge of enterprises and institutions and the various committees of workers' congress. The workers' congress of an enterprise is a power organ of the workers in charge of an enterprise or an institution. This is a different thing from the trade union as the worker masses' organization. The two cannot be lumped together. If we oppose the establishment of a workers' congress just because of the existence of a trade union, or if we think that the latter can take the place of the former, we are wrong. The party Central Committee and the State Council have already approved and promulgated relevant special rules and have decided to establish workers' congresses or the worker congress system in enterprises and institutions. Trade unions should actively take part in such work.

Trade unions at the national and local levels should organize and arouse the workers to participate energetically in the work of people's congresses and in the CPPCC's at all levels and in work related to workers' newspapers and party newspapers. In enterprises and at local and national levels, the trade unions should always be the workers' faithful representatives and spokesmen, as far as the latter's interests are concerned.

Third, the trade union should help the party and the state to train, to select, and to provide from among workers a large number of outstanding personnel skilled in the business of socialist modernization, who resolutely support the party's line, who have technical knowledge and leadership skills, and who are in the prime of their lives--thus acting as the "reservoir" of the party and the state government of the people's democratic dictatorship.

In a speech in August 1980, Comrade Deng Xiaoping pointed out that at present, and for a period of time ahead, we should focus on three matters--seeking a quick development of social productive forces and gradually improving the people's living standard, economically; perfecting the state's democratic life and legal system, politically; and training a large number of fine, skilled personnel, organizationally. The aim is to give full play to the superior features of the socialist system. Work in these three fields is the task of the whole party and of the people of the whole country, and also the task of the workers and the trade unions. The feature of the work of the trade union is that its own fundamental duty is to safeguard the workers' interests. It must proceed from this concrete standpoint in carrying out the above three tasks.

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TRANSPORTATION

BRIEFS

LIAONING OCEANGOING TRANSPORTATION--The oceangoing transportation trade is flourishing more in Dalian City, Liaoning Province. At present, the Dalian Oceangoing Transportation Company has 17 oceangoing vessels totalling 395,000 tons. Its shipping lines extend to 20 countries and 89 ports in Southeast Asia, the Persian Gulf, the Mediterranean Sea, Europe, and America. In 1982, the company transported 3.48 million tons of cargo, thus becoming one of China's five major oceangoing transportation enterprises. [Text] [Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 18 Jul 83]

CSO: 4006/680

CHINA'S ELECTRONICS INDUSTRY DISCUSSED

Hong Kong WEN WEI PO in Chinese 30 Mar 83 p 2

[Report by Cheng Xiang [4453 5046] and Liu Minyi [0491 2404 0308]: "Development Trend of China's Electronics Industry and Guiding Principle on Introducing Technology From Abroad--Summary of the Talk Given to the General Manager of WENHUI BAO by the vice minister of the Ministry of Electronics Industry"]

[Editor's note] On 16 March, Jiang Zemin [3068 3419 3046], who is a member of the 12th Party Central Committee and vice minister of the Ministry of Electronics Industry, received Wang Jiazhen [3769 1367 4394], our newspaper's general manager and assistant editor-in-chief, and spoke glowingly of the development of China's electronics industry in recent years and its future program. Below is the summary of the substance of the talk:

[Text] China's electronics industry is divided into two parts. One is for military purposes, and is also a means of production. What will be discussed here, however, is that which is for civilian consumption. The proportion of this type of product is very small, comprising a little more than 10 percent of total output value. In industrially developed countries investment in this sector is very high, about 40 to 50 percent.

Our present commodity structure does not suit the needs of the national economy. The structure of enterprises is mainly small but complete, and this does not suit the needs of large-scale production or the needs of specialization or production on a highly technical level.

With regard to technical , our industrial production is 15 years behind, and our scientific and technical level 8 to 10 years. Scientific and technological level is higher than the technological production level. The emphasis in theoretical research is on the study of application.

Electronic Products Are not Extensively Used

Even more important is the development of products. We are not using them extensively. In the area of durable consumer goods, electronic game machines are not comparable to foreign ones. The use of radios is relatively widespread. Black and white television sets have been developed considerably, and color televisions are still in the minority.

The level of application in various sectors of the national economy, such as in mechanical processing equipment and in the use of digitized machine tools, differs greatly from foreign countries. Instructors at electronics plants abroad utilize simulation equipment. Aviation training is also conducted using electronic simulation, and the telephone system relies on the computer to make directory inquiries, inspections and repairs. The use of computers in the business management system has just begun, and are still small in number, limited in their level of application and low in capacity.

The development of the electronics industry is particularly significant to the national economy. We must pay great attention to its development. In the Sixth 5-Year Plan Premier Zhao Ziyang spoke highly of the electronics industry and stressed its special importance. While this increases our burden it also gives us strong encouragement. Without an electronics industry the four modernizations will not be possible.

We have two targets. One, quadruple the output value; and two, reach the general international levels of the late seventies and early eighties.

Two Key Points in the Electronics Industry

We must catch up with international levels in integrated circuits and in computers, which are necessary to all trades and professions in the electronics industry and which are our key points. In order to surpass by five years the percentage of the speed of development must be higher than that of the country as a whole. This is still being discussed and I cannot be certain exactly how much higher it should be. That will be determined by several calculations, one of which will be on durable consumer goods such as television and radio sets.

A total of more than 5,000,000 television sets were produced last year. In 1983 production of 300,000 to 500,000 color television sets is presumed, which doubles last year's. There are less than 20 years left before the end of this century and based on the rate of increase the situation will be serious. The fast pace based on our present estimated overall production level, must also correspondingly suit the people's spending level. Of course if one thing cannot be assessed in China, it is the purchasing power of the 800,000,000 rural population. The variety of colors and designs must also be increased.

This is why we are prepared to use these three years to lay the foundation and increase the level of technology. Then, using a systematic project-by-project approach and through investigation and research, we will technologically transform every trade in the national economy such as petroleum, coal, communications, transportation and even scientific and educational departments.

I believe that it is not because of the products of electronic parts that output value cannot increase. The key is the technological transformation of the national economy. The state demands that we become involved in investigation and research in all trades and professions, resolve this problem using a systematic project-by-project approach, and find out what the trades and professions need. In short, increases in percentage must accord with the demands

of the general target. As we want to overtake, we must have an even higher percentage.

Investment-type products have high potentials. For example, the annual output of color television sets by the year 2000 will be 8,000,000 sets, while the population will be about 1,200,000,000. The question of whether this figure is suitable is still being discussed. We are now merely making estimations based on the national revenue. For example, we estimate that each household spends 1 percent of its income on electrical products, which will be doubled by the year 2000 although the percentage may be slightly higher. To catch up with the level, we must stress computers and integrated circuits in the first few years.

Rotational Training of Cadres in Enterprises Within 5 Years

At the same time, the training of qualified personnel plays a significant role. The Ministry of Electronics Industry has 4 institutions of higher learning and 12 middle and technical schools, but they are far from able to satisfy the demands. We must therefore rely on the nationwide educational system, increase the educational level of on-the-job personnel and workers, and increase the level of technical personnel to suit the needs of the fast-changing electronics industry. There is a question of updating knowledge. We must prepare to operate various training classes and train leading cadres in enterprises on a rotational basis every 5 years.

We must first conduct key technological transformation locally and in enterprises directly subordinated to the central authorities, primarily aiming at production that is large in quantity and low in cost. Further, some components are not large in quantity but in demand. For these key points of transformation we must increase testing and key projects, aim at different types of projects and adopt different methods of transformation. On one hand we must rely on ourselves and on the other hand we should undoubtedly introduce certain technological methods, manufacturing techniques, equipment and test instruments.

Electronics Must "Walk on Two Legs"

The electronics industry is a new industry, so total reliance on introducing a great deal of things from elsewhere will not do. As a result, the electronics industry must have both things going on at the same time, relying on what comes from abroad and taking root on the basis of self-reliance. In particular we must strengthen the scientific and technological front. We have a rather large research contingent which claims to be several tens of thousands (50,000 people). China has learned historical lessons, that total reliance on foreigners will not do, but this has not been eliminated even after the liberal policy was put into effect. Importing from the base of experience abroad will increase our speed.

Besides, what is important in our effort to attain and surpass international levels is that our past standards came from the Soviet Union a number of years ago. Having used Soviet standards we later developed our own standards in our

enterprises, but they differ greatly from international levels. We must therefore proceed from these standards now to adopt international ones.

This means we do not merely adopt but also study international standards. In adopting them we must conduct certain tests and research. Secondly we must arm ourselves, for we cannot use the standards without a set of test equipment or that set of primary components to do our work. It will cost money, so adopting these standards requires a great deal of investment.

To catch up with international levels in component parts, we must first adopt standards and then increase product reliability. This will bring the maximum economic benefits. At present, reliability is generally at grade 5, but in foreign countries it is at grades 6, 7, and up to 9. However, we have opened up markets in the United States for some primary components such as vacuum tubes. This is an individual case; generally speaking the level of reliability is not high enough.

Steps to Attain and Surpass International Levels

To attain and surpass international levels there are certain considerations, namely, taking hold of the foundation, raising technological levels, readjusting the structure of enterprises and raising professional levels. "Small but complete" factories should strive to suit large-scale production, and we must increase the proportion of investment type of commodities in our commodity structure. Moreover, we must use a systematic, project-by-project approach to plan for the needs of the entire national economy and develop all trades and professions through investigation and research, thereby satisfying demand.

When we send up satellites in the future the output of television sets may increase further.

The third part concerns the question of foreign investment. There are some major problems in this area. The past several years have not been too prosperous and few, only six kinds, have actually been successful. In the nation as a whole, we have truly succeeded on the sixth, that is, in producing television sets. The other five are in Guangdong, Foshan and Shenzhen and are all very small.

Joint Ventures and the Question of Resale

Summarizing our experience of the past few years, one question concerning joint ventures is how to repay loans when the work is done. If the products are sold domestically, it will mean sharing domestic resources. After all, we cannot block our own products, permit someone else to produce when production is not satisfactory, and make profits with foreigners.

I believe that it is best if we have joint ventures on items which have relatively advanced foreign techniques and for which we basically rely on imports. Through joint ventures, we should in particular absorb the means of production or things that are advantageous to transforming our national economy. I believe that for the moment we do not need to insist on resale in this type of

joint venture. Since we would have to import them anyway, and cannot master the technology quickly but have a great need for it, we should absorb part of the joint investment. This should be our guiding principle in the future.

As for export conditions in the electronics industry, there has been some growth in varieties these few years. There are roughly more than 60 varieties and the export area is basically Southeast Asia, primarily Hong Kong, and a small quantity goes to Europe and America.

The annual export value is very small, about US\$40,000,000, while the import figure is very high, above US\$200,000,000.

Our present exports are being undertaken not to earn foreign exchange but mainly to put our electronic products to test in the world market. Otherwise they will have no credibility. Therefore we would rather take a loss on our export volume now.

One point must be explained here. The development of the electronics industry does not pose demands on the Ministry of Electronics Industry alone. The electronics industry by contrast needs the continual support of basic industries. An example of this is the demand for high purity chemical reagents. This makes even greater demands on basic industries, ferrous metals, the chemical industry and the metallurgical industry. It is not something that can be resolved by the electronics industry alone, but concerns the question of mutual relations of industries as a whole. This concludes my brief introduction.

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